

February 7, 2008

Via ECFS - Docket No. 06-181

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

In re: *Closed Captioning and Video Description of Video Programming –
Implementation of Section 305 of the Telecommunications Act of 1996 –
Video Programming Accessibility*

CGB-CC-0759 – Opposition to the Petition for Exemption from Closed
Captioning Requirements Filed by BugWater Media, LLC

Dear Ms. Dortch:

Telecommunications for the Deaf and Hard of Hearing, Inc. ("TDI"), National Association for the Deaf ("NAD"), Deaf and Hard of Hearing Consumer Advocacy Network ("DHHCAN"), Hearing Loss Association of America ("HLAA"), Association of Late-Deafened Adults, Inc. ("ALDA"), American Association of People with Disabilities ("AAPD"), and California Coalition of Agencies Serving the Deaf and Hard of Hearing ("CCASDHH") (collectively, "Commenters") submit for filing in the above-captioned proceeding their opposition to the petition for exemption from the Commission's closed captioning requirements filed by BugWater Media, LLC ("Petitioner") for its program "Tim Roller's Wild Addiction" (the "Petition").

The following is a summary of pertinent program, financial, and other information provided in the Petition:

Petitioner, a company with two employees, produces twenty-six (26) episodes annually of a thirty-minute hunting and fishing program that is shown weekly on the Sportsman Channel. Petitioner claims that it does not have the technical ability to provide closed captioning and estimates that such captioning would cost \$350 per program or \$9,100 per year, plus additional costs for captioning 13 of the programs that are rebroadcast with different introductions, narration and commercials. Petitioner indicated it "would be unable to produce and market" the program if closed captions was required. Petitioner did not provide any information about its financial resources, any indication that it had sought competitive pricing from multiple sources or sought to recoup the cost of closed captioning and did not include an affidavit.

Don't
Be
Bored
By
This
Program
It's
A
Must
See
For
All
Who
Love
Fishing
And
Hunting
It's
A
Must
See
For
All
Who
Love
Fishing
And
Hunting

Mr. Peter H. B.
2000 12th Street, SW
Washington, DC 20554
202-418-6000

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The Petition does not meet the statutory requirements necessary to support an exemption from the closed captioning rules.¹ Commenters oppose grant of the Petition because Petitioner has provided insufficient information to demonstrate and/or for the Commission to determine that it meets the undue burden standard for granting the Petition. Commenters recommend that the Petitioner be given 180 days either to comply with the closed captioning rules or to re-apply with sufficient information to allow the Commission and the public to determine whether the Petitioner's request meets the legal standard for granting a waiver. ✓

I. The Legal Standard for Granting a Petition for Exemption

Section 713 of the Communications Act of 1934, as amended (the "Act"), requires that video programming be closed captioned, regardless of distribution technologies, to ensure that it is accessible to persons with hearing disabilities.² The Commission has the authority to grant a petition for an exemption from the closed captioning requirements upon a showing that the requirements would impose an undue burden on the video programming provider or video owner.³ Congress defined "undue burden" to mean "significant difficulty or expense."⁴

A petition seeking a waiver of the captioning rules must demonstrate that compliance would result in an undue burden within the meaning of Section 713(e) and Section 79.1(f) of the Commission's rules.⁵ Section 713 requires the Commission to consider four factors when determining whether the closed captioning requirements will impose an undue burden: (1) the nature and cost of the closed captions for the programming; (2) the impact on the operation of the provider or program owner; (3) the financial resources of the provider or program owner; and (4) the type of operations of the provider or program owner.⁶

Section 79.1(f) of the Commission's rules sets forth the Commission's procedures for seeking an exemption from the closed captioning requirements on the basis that

¹ 47 U.S.C. § 613(e).

² 47 U.S.C. § 613(e).

³ *Id.*

⁴ *Id.*

⁵ 47 U.S.C. § 613(e); 47 C.F.R. § 79.1(f).

⁶ *Id.*

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compliance would impose an undue burden on the programmer.⁷ A petition for an exemption from the closed captioning requirements must be supported by sufficient evidence to demonstrate that compliance with the requirements would cause an undue burden.⁸ Such petition must contain a detailed, full showing, supported by affidavit, of any facts or considerations relied on by the petitioner.⁹ It must also describe any available alternatives that might constitute a reasonable substitute for the captioning requirements.¹⁰

In the 2006 *Anglers Exemption Order*, the Consumer & Governmental Affairs Bureau ("CGB") improperly created a new standard that ignored the "undue burden" analysis required by the Act, the Commission's rules, and Commission precedent. Instead, the CGB stated that any non-profit organization may be granted a waiver from the closed captioning rules if the organization does not receive compensation for airing its programming and if it may terminate or substantially curtail its programming or other activities important to its mission if it is required to caption its programming.¹¹ The Commission may not properly rely on the *Anglers Exemption Order* to determine whether Petitioner's request meets the undue burden standard. Commenters have sought review of the *Anglers Exemption Order* by the Commission and, accordingly, the *Anglers Exemption Order* is not final.¹² Moreover, the standard announced by the CGB in the *Anglers Exemption Order* was inappropriate because it failed to incorporate an "economically burdensome" or an "undue burden" standard as mandated by the Act and fails to require Petitioner to demonstrate the four factors listed above.

⁷ 47 C.F.R. § 79.1(f).

⁸ 47 C.F.R. § 79.1(f)(2).

⁹ 47 C.F.R. § 79.1(f)(9).

¹⁰ 47 C.F.R. § 79.1(f)(3).

¹¹ *In the Matter of Anglers for Christ Ministries, Inc.; New Beginning Ministries; Video Programming Accessibility; Petitions for Exemption from Closed Captioning Requirements*, Memorandum Opinion and Order, DA 06-1802 (2006) ("*Anglers Exemption Order*").

¹² See Application for Review of Bureau Order, Docket No. 06-181, CGB-CC-0005, CGB-CC-0007 (filed October 12, 2006).

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II. Petitioner Has Presented Insufficient Information to Demonstrate or Determine that Compliance with the Captioning Requirement Would Impose an Undue Burden

Petitioner requests an exemption from the closed captioning requirements, asserting that compliance would impose an undue burden on Petitioner. However, the Petition offers insufficient evidence to demonstrate or determine that compliance would impose an undue burden under the four statutory exemption factors. The Petition therefore does not meet the legal standard for granting a request for exemption of the closed captioning rules and should be denied.

Commenters respectfully submit that the Petition is not supported by sufficient evidence to demonstrate that compliance with the closed captioning requirements would impose an undue burden upon Petitioner as required by the statutory factors set forth under Section 79.1(f)(2) of the Commission's rules.¹³

First factor: The nature and cost of the closed captions. In judging the sufficiency of information filed to support a claim that the cost of implementing closed captioning will impose an undue burden, the Commission looks to whether the petitioner:

- (1) sought competitive pricing from multiple sources;
- (2) submitted copies of the correspondence received from such captioning companies, indicating a range of quotes;
- (3) provided details regarding its financial resources; and
- (4) sought any means to recoup the cost of closed captioning, such as through grants or sponsorships.¹⁴

Moreover, the Commission has stated that petitioners must make an effort to solicit captioning assistance from the distributors of its programming.¹⁵ A petitioner must also

¹³ 47 C.F.R. § 79.1(f)(2).

¹⁴ *Outland Sports, Inc., Video Programming Accessibility, Petition for Waiver of Closed Captioning Requirements*, 16 FCC Red 13605 (2001) ("Outland Sports") (advising that entities seeking a waiver of the captioning requirements seek cost quotes from multiple sources and provide correspondence evidencing the quotes obtained, provide detailed financial information, and discuss whether any efforts were made to recoup the cost of closed captioning). See also *The Wild Outdoors, Video Programming Accessibility, Petition for Waiver of Closed Captioning Requirements*, 16 FCC Red 13611 (2001) (reviewing sufficiency of information provided with respect to the four factors).

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provide the Commission the distributor's response to its solicitation.¹⁶ Failure to provide the foregoing information and to establish that the Petitioner pursued other possible means of gaining captioning hinders the Commission's assessment of the impact of the cost of captioning on Petitioner.¹⁷

Second factor: The impact on the operation of the provider or program owner. A petition must provide sufficient information to indicate that compliance with closed captioning requirements will adversely affect the Petitioner's operations.

Third factor: the financial resources of the provider or program owner. Commission Rule 79.1(f)(2) provides that a petition for exemption "must be supported by sufficient evidence to demonstrate that compliance with the requirements would cause an undue burden."¹⁸ Additionally, in determining whether the closed captioning requirements impose an undue burden, the Commission must consider the resources that the petitioner has chosen to devote to the program in the context of the overall budget and revenues of the petitioner – and not merely the cost of captioning in relation to a particular program.¹⁹

Fourth factor: The type of operation of the provider or program owner. In order for the Commission to determine whether the Petition is supported under the fourth factor, Petitioner must provide detailed information regarding its operations and explain why or how complying with the closed captioning requirements would result in significant difficulty for Petitioner because of the type of operations involved.

Here, Petitioner has not provided sufficient financial information to determine whether an undue burden would result under the four factors above.

(Footnote continued from Previous Page.)

¹⁵ *Implementation of Section 305 of the Telecommunications Act of 1996 – Video Programming Accessibility*, Report and Order, 13 FCC Rcd 3272, 3366 (1997) ("Report and Order").

¹⁶ *Commonwealth Productions, Video Programming Accessibility, Petitioner for Waiver of Closed Captioning Requirements*, CSR 5992, Memorandum Opinion and Order, ¶ 3 (Mar. 26, 2004).

¹⁷ *Outland Sports*, ¶ 7.

¹⁸ 47 C.F.R. § 79.1(f)(2).

¹⁹ *Report and Order*, 13 FCC Rcd at 3366.

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III. Conclusion

For the reasons discussed above, Petitioner's request for exemption from the closed captioning requirements fails to demonstrate that compliance with the requirements would cause an undue burden within the meaning of Section 713 of the Act. Accordingly, it should be denied.

In addition, Commenters respectfully request that the Commission accept the attached certification that the facts and considerations in this filing are true and correct and waive the requirement to provide an affidavit for a responsive pleading²⁰

Respectfully submitted,

/s/
Paul O. Gagnier
Danielle C. Burt
Kimberly A. Lacey
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Washington, D.C. 20007

Counsel to TDI

²⁰ 47 C.F.R. §79.1(f)(9).

/s/
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Bethesda, MD 20814

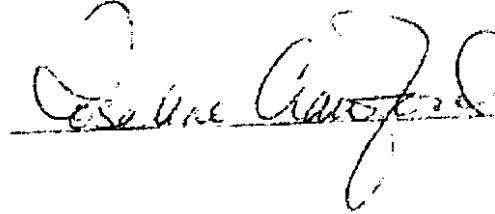
/s/
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Jenifer Simpson
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Washington, DC 20006

/s/
Ed Kelly
Chair
California Coalition of Agencies
Serving the Deaf and Hard of Hearing
6022 Cerritos Avenue
Cypress, CA 90630

CERTIFICATION

I, Rosaline Crawford, Director, NAD Law and Advocacy Center, hereby certify that to the extent there are any facts or considerations not already in the public domain which have been relied on in the attached Opposition to the Petition for Exemption from Closed Captioning Requirements, these facts and considerations are true and accurate to the best of my knowledge.

A handwritten signature in cursive script, appearing to read "Rosaline Crawford", is written over a horizontal line.

Date: February 7, 2008

CERTIFICATE OF SERVICE

I, Kimberly A. Lacey, do hereby certify that, on February 7, 2008, a copy of the foregoing Opposition to the Petition for Exemption from Closed Captioning Requirements Filed by BugWater Media, LLC, as filed with the Federal Communications Commission in CGB-CC-0759, was served by first class U.S. mail, postage prepaid, upon the Petitioner:

BugWater Media, Production Suite
Attn: Tim Roller
110757 W. Rosted Road
Lake City, MI 49651

/s/

Kimberly A. Lacey

Sportsman Channel

Closed Captioning Information

Tim Roller
BugWater Media, LLC
509 Center Ave.
Bay City, MI 48708

Dear Tim,

If you're like most program producers, you are looking to cut costs during this tough economic season, when every dollar counts. For many producers, the burden of closed captioning has cut into production budgets along with drastically increasing lead time. With many sponsors cutting back on advertising dollars, it may be time to re-evaluate your production expenses.

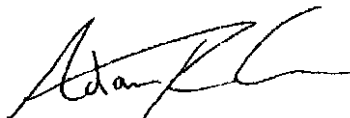
As a producer myself, when the FCC required closed captioning for my programs, I too needed quality, fast and affordable closed captioning. After spending many hours on the internet looking at companies, I found that they were either priced really high or took forever to turn tapes around. I knew other people were in this same situation, so I wanted to come up with a way to fix it. As a result, I developed a captioning process and created new ways to cut time requirements and costs, without sacrificing quality. For three years, my company has been helping producers closed caption—all while reducing headaches and costs.

If your current captioning solution costs you more than \$189 per show and is not a next-day service, then I would love to help you out.

- Sportsman Channel Captioning - \$189 Per 30 Min Episode
- Accepted formats - DV, Betacam SP, DVD, Hard Drive, DVcam, DVCpro
- Tapeless E-Captioning available—no shipping or tapes needed.

My information is included below. If you would like a personal quote or would like to learn more about our services, please give me a call or shoot me an e-mail.

Sincerely,



Adam R. Grover

Media Images Inc.
4991 Transamerica Dr.
Columbus, OH 43228
Phone: (614) 410-3000 ext. 104
Fax: (614) 410-3001
Email: agrover@mediaimages.com
www.SmartCaptioning.com



MEDIA IMAGES

1065

Form
Department of the Treasury
Internal Revenue Service

U.S. Return of Partnership Income

For calendar year 2007, or tax year beginning _____, and ending _____

OMB No. 1545-0099

2007

A Principal business activity

MULTI-MEDIA
PRODUCTIONUse
the
IRS
label.
Other-
wise,
print
or
type.

Name of partnership

BUGWATER MEDIA, LLC

D Employer identification
number

35-2225294

B Principal product or service

VIDEOS

Number, street, and room or suite no. If a P.O. box, see the instructions.

509 CENTER AVE

E Date business started

01/01/2005

C Business code number

334610

City or town, state, and ZIP code

BAY CITY, MI 48708

F Total assets

\$

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☐ Amended returnH Check accounting method: (1) ☒ Cash (2) ☐ Accrual (3) ☐ Other (specify) ▶

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶

2

J Check if Schedule M-3 attached ☐

Caution: Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales	1a	9,710.	1c	9,710.
	b Less returns and allowances	1b			
	2 Cost of goods sold (Schedule A, line 8)	2			7,149.
	3 Gross profit. Subtract line 2 from line 1c	3			2,561.
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)	4			
	5 Net farm profit (loss) (attach Schedule F (Form 1040))	5			
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	6			
7 Other income (loss) (attach schedule)	7				
8 Total income (loss). Combine lines 3 through 7	8				2,561.
Deductions (see instructions for limitations)	9 Salaries and wages (other than to partners) (less employment credits)	9			
	10 Guaranteed payments to partners	10			
	11 Repairs and maintenance	11			
	12 Bad debts	12			
	13 Rent	13			
	14 Taxes and licenses	14			25.
	15 Interest	15			
	16 a Depreciation (if required, attach Form 4562)	16a	1,413.		
	b Less depreciation reported on Schedule A and elsewhere on return	16b			1,413.
	17 Depletion (Do not deduct oil and gas depletion.)	17			
	18 Retirement plans, etc.	18			
	19 Employee benefit programs	19			
20 Other deductions (attach schedule)	20	SEE STATEMENT 1		3,465.	
21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20	21			4,903.	
22 Ordinary business income (loss). Subtract line 21 from line 8	22			-2,342.	

Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge.

Signature of general partner or limited liability company member manager

Date

May the IRS discuss this return
with the preparer shown below
(see instr.)?☒ Yes ☐ No

Paid

Preparer's
Use OnlyPreparer's
signature

Date

Check if
self-employed ☐Preparer's SSN or PTIN
P00023780Firm's name (or
yours if self-
employed),
address, and
ZIP codeMAST, FOULDS & CO., P.C.
522 N. MADISON, P.O. BOX 248
BAY CITY, MI 48707

EIN

38-3053872

Phone no.

(989) 894-5007

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form 1065 (2007)

Schedule A Cost of Goods Sold (see the instructions)

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	4,549.
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	SEE STATEMENT 2
6	Total. Add lines 1 through 5	6	2,600.
7	Inventory at end of year	7	7,149.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	7,149.

9 a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (specify method used and attach explanation) ►

- b Check this box if there was a write-down of "subnormal" goods as described in Regulations section 1.471-2(c) ☐
- c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐
- d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? ☐ Yes ☒ No
- e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
- If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 What type of entity is filing this return? Check the applicable box:		
a <input type="checkbox"/> Domestic general partnership		
b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company		
d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership		
f <input type="checkbox"/> Other ►		
2 Are any partners in this partnership also partnerships?		X
3 During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		X
4 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details		X
5 Does this partnership meet all three of the following requirements?		
a The partnership's total receipts for the tax year were less than \$250,000;		
b The partnership's total assets at the end of the tax year were less than \$600,000; and		
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return	X	
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		
6 Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		X
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		X
8 Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		X
9 At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ►		X
10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		X
11 Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under Elections Made By the Partnership in the instructions		X
12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ►		

Designation of Tax Matters Partner (see the instructions)

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ►	Identifying number of TMP ►
Address of designated TMP ►	

Schedule K Partners' Distributive Share Items

		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	-2,342.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	6.
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (attach statement)	9c		
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶	13c(2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	0.
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level	16c	
	Foreign gross income sourced at partnership level		
	d Passive category ▶ e General category ▶ f Other ▶	16f	
	Deductions allocated and apportioned at partner level		
	g Interest expense ▶ h Other ▶	16h	
	Deductions allocated and apportioned at partnership level to foreign source income		
	i Passive category ▶ j General category ▶ k Other ▶	16k	
	l Total foreign taxes (check one): Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l	
	m Reduction in taxes available for credit (attach statement)	16m	
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	234.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties - gross income	17d	
	e Oil, gas, and geothermal properties - deductions	17e	
	f Other AMT items (attach statement)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	261.
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	6.
	b Investment expenses	20b	
c Other items and amounts (attach statement)	STMT 5		

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16i: 1						-2,336.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
a General partners						
b Limited partners	-1,168.	-1,168.				

Schedule L Balance Sheets per Books

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash				
2a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach statement)				
7 Mortgage and real estate loans				
8 Other investments (attach statement)				
9a Buildings and other depreciable assets				
b Less accumulated depreciation				
10a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets (attach statement)				
14 Total assets				
Liabilities and Capital				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities (attach statement)				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities (attach statement)				
21 Partners' capital accounts				
22 Total liabilities and capital				

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16i, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16i (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
5 Add lines 1 through 4			

Schedule M-2 Analysis of Partners' Capital Accounts

1 Balance at beginning of year		6 Distributions: a Cash	
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books			
4 Other increases (itemize):		8 Add lines 6 and 7	
5 Add lines 1 through 4		9 Balance at end of year. Subtract line 8 from line 5	

**Worksheet for Adjusted Current Earnings Adjustments
for Corporate and Partnership Partners**

Name of partnership		Employer identification number
BUGWATER MEDIA, LLC		35-2225294
1. Additions to AMTI:		
a. Depreciation recomputed for AMT purposes	1,179.	
b. Tax-exempt interest income		
c. Amortization of organizational expenditures		
d. Depletion for post-1989 properties		
e. Intangible drilling costs deducted from AMTI		
f. Total additions to AMTI		1,179.
2. Deductions:		
a. Depreciation recomputed for ACE purposes	1,179.	
b. Depletion recomputed for ACE purposes		
c. ACE intangible drilling costs		
d. Total deductions		1,179.
3. Other adjustments:		
a. Basis adjustments from sales or exchanges		
b. Other adjustments		
c. Total other adjustments		
4. Total adjustments to AMTI for ACE calculation. Combine lines 1f, 2d and 3c		0.

FORM 1065	OTHER DEDUCTIONS	STATEMENT	1
DESCRIPTION		AMOUNT	
POSTAGE		10.	
OFFICE		433.	
INSURANCE		505.	
COMMISSIONS		599.	
BANK FEES		50.	
AUTO		1,120.	
ADVERTISING		486.	
MEALS AND ENTERTAINMENT		262.	
TOTAL TO FORM 1065, LINE 20		3,465.	

SCHEDULE A	OTHER COSTS	STATEMENT	2
DESCRIPTION		AMOUNT	
TRAVEL		1,923.	
SHIPPING		677.	
TOTAL TO FORM 1065, PAGE 2, LINE 5		2,600.	

SCHEDULE K	INTEREST INCOME	STATEMENT	3
DESCRIPTION	U.S. BONDS	OTHER	
PAYPAL		6.	
TOTAL TO SCHEDULE K, LINE 5		6.	

SCHEDULE K	NONDEDUCTIBLE EXPENSE	STATEMENT	4
DESCRIPTION		AMOUNT	
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES		261.	
TOTAL TO SCHEDULE K, LINE 18C		261.	

SCHEDULE K	OTHER ITEMS	STATEMENT	5
DESCRIPTION		AMOUNT	
DPAD INFORMATION - DOMESTIC PRODUCTION GROSS RECEIPTS		9,716.	
DPAD INFORMATION - ALLOCABLE COST OF GOODS SOLD		7,149.	
DPAD INFORMATION - TOTAL COST OF GOODS SOLD		7,149.	
DPAD INFORMATION - DIRECTLY ALLOCABLE EXPENSES		4,903.	

Schedule K-1
(Form 1065)

2007

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax

year beginning

ending

**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the PartnershipA Partnership's employer identification number
35-2225294

B Partnership's name, address, city, state, and ZIP code

BUGWATER MEDIA, LLC
509 CENTER AVE
BAY CITY, MI 48708C IRS Center where partnership filed return
OGDEN, UTD ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner**

E Partner's identifying number

38-3229213

F Partner's name, address, city, state, and ZIP code

DOCK HOLE INC
509 CENTER AVE
BAY CITY, MI 48708G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC memberH ☒ Domestic partner ☐ Foreign partner

I What type of entity is this partner? CORPORATION

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	50.0000000%	50.0000000%
Loss	50.0000000%	50.0000000%
Capital	50.0000000%	50.0000000%

K Partner's share of liabilities at year end:

Nonrecourse	\$
Qualified nonrecourse financing	\$
Recourse	\$ 0.

L Partner's capital account analysis:

Beginning capital account	\$
Capital contributed during the year	\$
Current year increase (decrease)	\$
Withdrawals & distributions	\$(
Ending capital account	\$

☒ Tax basis ☐ GAAP ☐ Section 704(b) book
☐ Other (explain)
**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1 Ordinary business income (loss) -1,171.	15 Credits
2 Net rental real estate income (loss)	16 Foreign transactions
3 Other net rental income (loss)	
4 Guaranteed payments	
5 Interest income 3.	
6a Ordinary dividends	17 Alternative min tax (AMT) items
6b Qualified dividends	A 117.
7 Royalties	
8 Net short-term capital gain (loss)	18 Tax-exempt income and nondeductible expenses C* 131.
9a Net long-term capital gain (loss)	
9b Collectibles (28%) gain (loss)	19 Distributions
9c Unrecaptured sec 1250 gain	
10 Net section 1231 gain (loss)	20 Other information A 3.
11 Other income (loss)	
12 Section 179 deduction	
13 Other deductions S* STMT	
14 Self-employment earnings (loss)	

*See attached statement for additional information.

For IRS Use Only

SCHEDULE K-1 DOMESTIC PRODUCTION ACTIVITY INFORMATION
BOX 13, CODE S

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
DOMESTIC PRODUCTION GROSS RECEIPTS	SEE FORM 8903 INSTRUCTIONS	4,858.
NON-DOMESTIC PRODUCTION GROSS RECEIPTS	SEE FORM 8903 INSTRUCTIONS	0.
DIRECTLY ALLOCATED COST OF GOODS SOLD	SEE FORM 8903 INSTRUCTIONS	3,575.
DIRECTLY ALLOCABLE EXPENSES	SEE FORM 8903 INSTRUCTIONS	2,452.
DIRECTLY ALLOCATED OTHER EXPENSES TO NON-DPGR	SEE FORM 8903 INSTRUCTIONS	0.
APPORTIONABLE OTHER EXPENSES	SEE FORM 8903 INSTRUCTIONS	0.
FORM W-2 WAGES	SEE FORM 8903 INSTRUCTIONS	0.
TOTAL COST OF GOODS SOLD	SEE FORM 8903 INSTRUCTIONS	3,575.

SCHEDULE K-1 NONDEDUCTIBLE EXPENSES, BOX 18, CODE C

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	NONDEDUCTIBLE PORTION	131.
TOTAL TO SCHEDULE K-1, BOX 18, CODE C		131.

Schedule K-1
(Form 1065)

2007

☐ Final K-1☐ Amended K-1

OMB No. 1545-0099

Department of the Treasury
Internal Revenue Service

For calendar year 2007, or tax

year beginning

ending

**Partner's Share of Income, Deductions,
Credits, etc.**

▶ See separate instructions.

Part I Information About the PartnershipA Partnership's employer identification number
35-2225294

B Partnership's name, address, city, state, and ZIP code

BUGWATER MEDIA, LLC
509 CENTER AVE
BAY CITY, MI 48708C IRS Center where partnership filed return
OGDEN, UTD ☐ Check if this is a publicly traded partnership (PTP)**Part II Information About the Partner**

E Partner's identifying number

374-96-0858

F Partner's name, address, city, state, and ZIP code

TIMOTHY S ROLLER
10757 ROSTED RD
LAKE CITY, MI 49651G ☐ General partner or LLC
member-manager☒ Limited partner or other LLC
memberH ☒ Domestic partner☐ Foreign partnerI What type of entity is this partner? INDIVIDUAL

J Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	50.0000000%	50.0000000%
Loss	50.0000000%	50.0000000%
Capital	50.0000000%	50.0000000%

K Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	
Recourse	\$	0.

L Partner's capital account analysis:

Beginning capital account	\$	
Capital contributed during the year	\$	
Current year increase (decrease)	\$	
Withdrawals & distributions	\$(
Ending capital account	\$	

☒ Tax basis☐ GAAP☐ Section 704(b) book☐ Other (explain)**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1 Ordinary business income (loss)	-1,171.	15 Credits
2 Net rental real estate income (loss)		
3 Other net rental income (loss)		16 Foreign transactions
4 Guaranteed payments		
5 Interest income	3.	
6a Ordinary dividends		17 Alternative min tax (AMT) items
6b Qualified dividends		A 117.
7 Royalties		
8 Net short-term capital gain (loss)		18 Tax-exempt income and nondeductible expenses
9a Net long-term capital gain (loss)		C* 130.
9b Collectibles (28%) gain (loss)		19 Distributions
9c Unrecaptured sec 1250 gain		
10 Net section 1231 gain (loss)		20 Other information
11 Other income (loss)		A 3.
12 Section 179 deduction		
13 Other deductions	S* STMT	
14 Self-employment earnings (loss)	A 0.	

*See attached statement for additional information.

For IRS Use Only

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
DOMESTIC PRODUCTION GROSS RECEIPTS	SEE FORM 8903 INSTRUCTIONS	4,858.
NON-DOMESTIC PRODUCTION GROSS RECEIPTS	SEE FORM 8903 INSTRUCTIONS	0.
DIRECTLY ALLOCATED COST OF GOODS SOLD	SEE FORM 8903 INSTRUCTIONS	3,574.
DIRECTLY ALLOCABLE EXPENSES	SEE FORM 8903 INSTRUCTIONS	2,451.
DIRECTLY ALLOCATED OTHER EXPENSES TO NON-DPGR	SEE FORM 8903 INSTRUCTIONS	0.
APPORTIONABLE OTHER EXPENSES	SEE FORM 8903 INSTRUCTIONS	0.
FORM W-2 WAGES	SEE FORM 8903 INSTRUCTIONS	0.
TOTAL COST OF GOODS SOLD	SEE FORM 8903 INSTRUCTIONS	3,574.

DESCRIPTION	PARTNER FILING INSTRUCTIONS	AMOUNT
EXCLUDED MEALS AND ENTERTAINMENT EXPENSES	NONDEDUCTIBLE PORTION	130.
TOTAL TO SCHEDULE K-1, BOX 18, CODE C		130.